UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/614,137	07/07/2003	Allen R. Friedman	36287-04401	9017

27171   7590   04/02/2009
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ART UNIT	PAPER NUMBER
3692	

MAIL DATE	DELIVERY MODE
04/02/2009	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

-- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address* --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS,
WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on <u>22 December 2008</u>.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
    closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1-4 and 6-32</u> is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1-4 and 6-32</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
        application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☐ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

DETAILED ACTION

1.   The following is a **Final Action** on merits in response to a communication receipt

on **12/22/08**.

Acknowledgement

2.   **Claim** status:

- ▪ **Claims** amended: **1-4** and **6-31**

- ▪ **Claim** newly added: **32**

- ▪ **Claim** previously cancelled: **5**

- ▪ **Claims** are pending: **1-4** and **6-32**

Claim Rejections - 35 USC § 112

3.   The following is a quotation of **the first paragraph** of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of
> making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the
> art to which it pertains, or with which it is most nearly connected, to make and use the same and shall
> set forth the best mode contemplated by the inventor of carrying out his invention.

4.   **Claims 1, 11, 17, 19, 20, 27,** and **32** are rejected under 35 U.S.C. 112, **first**

paragraph, as failing to comply with the written description requirement. The claim(s)

contains subject matter which was not described in the specification in such a way as to

reasonably convey to one skilled in the relevant art that the inventor(s), at the time the

application was filed, had possession of the claimed invention.   Specifically as

mentioned with amendments in the **claims 1, 11, 17, 19, 20, 27, and 32**, the recitations,

"A **computer system** embedded with computer-readable medium having computer

executable **software code** stored thereon, the code", not described or found in specification, are new matters.

5.   The following is a quotation of **the second paragraph** of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6.   **Claims 1-32** are rejected under 35 U.S.C. 112, **second paragraph**, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In the **claims 1-32,** the recitations "A computer system with computer-readable medium" is indefinite and not clear with **what sort of medium**, having computer executable software stored thereon, and it needs further clarifications and proper corrections.

7.   In the **claims 2, 4, 6,** the recitations, "code for" and in the **claims 8-10,** "the code for" need clarification, as it is not clear, what code applicant referring to for his invention.

8.   **Claim 1** recites the limitation "the code" in the claim. There is insufficient antecedent basis for this limitation in the claim, which needs proper correction and correction.

Claim Rejections - 35 USC § 103

9.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

10.   **Claims 11-16 and 19** are rejected under 35 U.S.C. **103**(a) as being unpatentable on *Rudkin* (2004/0199449).

As per claim 11, *Rudkn* discloses <u>a **computer system** embedded with computer-readable medium having computer executable **software code** store thereon</u>, the <u>code</u> (**para 0058;** via computer system and programs [inherently with codes])   for transfer of previously issued and transferable employee stock options, comprising:

<u>code for</u> determining an economic value of a transferable employee stock option(**Abstract**-Transferability)<u>,</u> the employee stock option held by an employee, based on an option pricing formula (**para, 0056, 0070, 0078** and **0137- 0140;** via **ESO binominal module 120**, value of the optimal return function and formula);

<u>ode for</u> making the economic value available to the employee holder of the transferable employee stock option; and providing the economic value to the employee holder of the transferable employee stock option in exchange for all rights in the transferable employee stock option, wherein exchange of the transferable employee stock option does not require exercise of the transferable employee stock option (**para 0008** and **0037-0039;** via early exercise decision to maximize the utility of terminal economic wealth).

Rudkin discloses transferability.

Therefore, it would be obvious to an ordinary skill in the art that **ESO** is transferable (see **Abstract**).

As per claims 12 - 13, *Rudkin* discloses a <u>computer system embedded with computer-readable medium,</u> wherein the economic value is a cash value and a number

of shares (**para 0137** and **0157 [Fig.2-3]**; via maximize the terminal utility wealth with options implied cash value).

As per claims 14-16, *Rudkin* discloses a <u>computer system embedded with computer-readable medium,</u> wherein the step of exchanging occurs periodically within a predetermined window of time and the option pricing formula is selected from the group consisting of Black-Scholes, binomial and trinomial methods (**para, 0056, 0070, 0078 and 0137- 0140**; via ESO **binominal module 120,** value of the optimal return function and formula).

As per claim 19, *Rudkin* discloses <u>a **computer system** embedded with computer-readable medium having computer executable **software code** store thereon</u>, the <u>code</u> (**para 0058;** via computer system and programs [inherently with codes])   for transfer of previously issued and transferable employee stock options, the <u>code</u> comprising:

<u>code for</u> determining a cash value of an underwater transferable (**Abstract –** Transferability) employee stock option based on the Black-Scholes option pricing formula (**para 0009**; via value of ESOs by more than **50** percent);

<u>code for</u> publishing the cash value (**para 0150** and **Table E**); and

<u>code for</u> exchanging the underwater transferable employee stock option for the cash value during a predetermined window of time, wherein exchange of the employee stock option does not require exercise of the transferable employee stock option (**para 0022**; via repricale ESOs when underwater and **para 0014**; via unlike **ETOs**, after vesting **ESOs** can be exercised which includes exchange/transfer as implied).

11.   **Claims 1-5 and 17-18** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Rudkin** in view of **Bodurtha** et al (7,212,990).

As per claim 1, Rudkin discloses a **computer system** embedded with computer-readable medium having computer executable **software code** stored thereon, the code (**para 0058;** via computer system and programs [inherently with codes]) for transfer of previously issued and transferable employee stock options, the code comprising:

code for purchasing all rights to a transferable employee stock option from an employee holding the employee stock option, wherein purchase does not require exercise of the employee stock option (**para, 0025;** via purchasing ESOs [implied with or without exercise] and **para 0016;** via ESOs can be exercised); and

code for hedging the transferable employee stock option (**para, 0012;** via to exercise for liquidity as employees unable to hedge the risk option).

Rudkin fails explicitly to disclose the step of purchasing all rights to an employee stock option from an employee holding the employee stock option, wherein purchase does not require exercise of the employee stock option

However, **Bodurtha** being in the same field of invention discloses the step of purchasing all rights to an employee stock option from an employee holding the employee stock option, wherein purchase does not require exercise of the employee stock option (**col.3**, lines 9-26 via transfer rights and **col.5**, lines 1-5; via exercises the ….voting rights).

Therefore, it would have been obvious to an ordinary skill in the art at the time of invention to modify the features and disclosures mentioned by **Rudkin** to include the disclosures as taught by **Bodurtha** in order to facilitate the shareholders to transfer rights in the underlying securities including various option and future markets tied to the Security Receipt.

As per claims **2 - 3**, **Rudkin** discloses a <u>computer system embedded with computer-readable medium</u> according to claim 1, further comprising <u>code for</u> determining a value of the transferable employee stock option using an option pricing formula is selected from the group consisting of Black-Scholes, binomial and trinomial methods (**para, 0056, 0070, 0078 and 0137- 0140; via ESO binominal module 120**, value of the optimal return function and formula).

As per claims **4**, **Rudkin** discloses a <u>computer system embedded with computer-readable medium</u>, further comprising <u>code for</u> registering an offering of securities underlying the transferable employee stock option (**para 0007**; via US firms and ESOs).

Claim **5**- (previously cancelled).

As per claim **17**, **Rudkin** discloses a **<u>computer system</u>** <u>embedded with computer-readable medium having computer executable</u> **software code** <u>stored thereon, the code</u> (**para 0058;** via computer system and programs [inherently with codes]) for transfer of previously issued and transferable employee stock options, the <u>code</u> comprising:

<u>code for</u> issuing a transferable employee stock option with transfer rights that allow transfer of the stock option to a third party (**para 0016**, line 1-5; via **ESOs** can be exercised [implied and obvious -transfer] any time after the **ESO** vests and on or before the option's expiration date); and

<u>code for</u> establishing a beginning date for the transfer rights at a predetermined date following the date of issue of the transferable employee stock option (**para 0014 and 0016**; via **ESO** can be exercised [implied and obviously include - transfer] only after vested a preset number of years).

Rudkin fails explicitly to disclose that TESO, wherein transfer rights of the transferable employee stock option are distinct from exercise rights of the transferable employee stock option, and the transfer rights allow transfer of all rights in the transferable employee stock option to the third party in exchange for value without requiring exercise of the transferable employee stock option.

However, *Bodurtha* being in the same field of invention discloses that TESO, wherein transfer rights of the transferable employee stock option are distinct from exercise rights of the transferable employee stock option, and the transfer rights allow transfer of all rights in the transferable employee stock option to the third party in exchange for value without requiring exercise of the transferable employee stock option (**col.3**, lines 9-26 via transfer rights and **col.5**, lines 1-5; via exercises the ....voting rights).

Therefore, it would have been obvious to an ordinary skill in the art at the time of invention to modify the features and disclosures mentioned by *Rudkin* to include the

disclosures as taught by **Bodurtha** in order to facilitate the shareholders to transfer rights in the underlying securities including various option and future markets tied to the Security Receipt.

> **As per claim 18**, **Rudkin** discloses a <u>computer system embedded with computer-readable medium,</u> wherein the transferable employee stock option includes a vesting date and the beginning date is later than the vesting date (**para 0014**; via ESO can be exercised only after vested a preset number of years).

12.   **Claims 6-10** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Rudkin** in view of **Bodurtha** et al (7,212,990) and **Sullivan** et al (2002/0194136).

> **As per claims 6–7**, **Rudkin** fails explicitly to disclose a <u>computer system embedded with computer-readable medium</u>, further comprising the<u> code for</u> either one time or periodically repeating the purchasing and hedging selected from the group consisting of monthly, quarterly, semi-annually and annually.

However, **Sullivan** being in the same field of invention discloses a <u>computer system embedded with computer-readable medium</u>, further comprising the<u> code for</u> either one time or periodically repeating the purchasing and hedging selected from the group consisting of monthly, quarterly, semi-annually and annually [American Style] (**para 0003 and 0015**; via option and hedging system).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention was made to modify the features mentioned by **Rudkin** and **Bodurtha** to

include the disclosures as taught by *Sullivan* in order to match with the timing of option

maturity.

As per claims 8-10, *Rudkin* fails explicitly to disclose a <u>computer system</u>

<u>embedded with computer-readable medium</u>, further comprising the<u> code for</u> hedging the

employee stock option includes <u>code for</u> short selling, buying and selling of securities

and/or futures contacts that underlie the employee stock option to rebalance the hedge

position.

However, *Sullivan* in the same field of invention discloses a <u>computer system</u>

<u>embedded with computer-readable medium</u>, further comprising the<u> code for</u> hedging the

employee stock option includes <u>code for</u> short selling, buying and selling of securities

and/or futures contacts that underlie the employee stock option to rebalance the hedge

position (**para 0009**).

Therefore it would have been obvious to one ordinary skill in the art at the time

of invention was made to modify the features mentioned by *Rudkin* and *Bodurtha* to

include the disclosures as taught by *Sullivan* for hedging strategies in order to facilitate

in organizing the hedging position.

13.   **Claims 20-26 and 27-31** are rejected under 35 U.S.C. 103(a) as being

unpatentable over   *Rudkin*   in   view   of   *Sullivan* et al   (2002/0194136).

As per claim 20, *Rudkin* discloses a **<u>computer system</u>** <u>embedded with</u>

<u>computer-readable medium having computer executable</u> **<u>software code</u>** <u>stored</u>

<u>thereon, the code</u> (**para 0058;** via computer system and programs [inherently with

codes]) for hedging previously issued and transferable employee stock options, the <u>code</u> comprising:

<u>code for</u> exchanging an economic value for all rights in a transferable employee stock option, the economic value based on an option pricing formula, wherein exchange of the transferable employee stock option does not require exercise of the transferable employee stock option; and judging the employee stock option with future (**para, 0056, 0070, 0078 and 0137- 0140**; via ESO binominal module **120**, value of the optimal return function and formula and **para 0014**; via after vesting exercised includes exchange or transfer implied),

Rudkin fails explicitly to disclose code for hedging the transferable employee stock option with a future.

However, *Sullivan* being in the same field of invention discloses <u>code for</u> hedging the transferable employee stock option with a future.(**para 0008 and 0009**; via hedging and futures).

Therefore, it would have been obvious to one of the ordinary skill in the art at the time of invention was made to modify the features mentioned by *Rudkin* to include the disclosures as taught by *Sullivan* in order to hedge the risk of adverse price and market fluctuations.

As per claim 21, *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising: <u>code for</u> borrowing, purchasing and selling a1-Delta amount of stock (**para 0006 and 0069**; via ESOs give an employee the right to purchase and inherently borrowing-selling for hedging transactions of any

incremental amounts like Delta)

As per claim 22, *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising <u>code for</u> determining whether it is optimal to early exercise the future (**para 0050**).

As per claim 23, *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising: <u>code for</u> determining whether the transferable employee stock option is in the money (**para 0019**; via "in the money").

As per claim 24, *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising <u>code for</u> exercising the transferable employee stock option (**para 0017**; via ESOs can be exercised any time after the ESOs vested).

As per claims 25-26, *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising <u>code for</u> the step of closing out the future position and delivering a prospectus (**para 0050**).

As per claim 27, *Rudkin* discloses a <u>**computer system** embedded with computer-readable medium having computer executable **software code** stored thereon, the code</u> (**para 0058;** via computer system and programs [inherently with codes]) for hedging previously issued and transferable employee stock options, the <u>code</u> comprising:

<u>code for</u> exchanging an economic value for all rights in an transferable employee stock option, the economic value based on an option pricing formula, wherein exchange of the transferable employee stock option does not require exercise of the transferable

employee stock option (**para, 0056, 0070, 0078** and **0137- 0140;** via ESO binominal module **120**, value of the optimal return function and formula and **para 0014**; via after vesting exercised includes exchange or transfer implied); and

　　　Rudkin fails explicitly to disclose <u>code for</u> hedging the transferable employee stock option with stock.

　　　However, *Sullivan* in the same field of invention discloses <u>code for</u> hedging transferable employee stock option (**para 0009).**

　　　Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention was made to modify the features and disclosures as taught by *Rudkin* to include the disclosure of *Sullivan* in order to generate additional income.

　　　As per claims 28-29, *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising <u>code for</u> borrowing an amount of stock equal to the amount of the transferable employee stock options received in the exchange and selling a delta amount of stock **(para 0006 and 0069;** via ESOs give an employee the right to purchase and implied borrowing-selling for hedging transactions of any incremental amounts like Delta).

　　　As per claims 30-31 *Rudkin* discloses a <u>computer system embedded with computer-readable medium</u>, further comprising <u>code for</u> borrowing stock, and purchasing- selling a 1-delta amount of stock, monitoring changes in delta and buying or selling stock based on the changes in delta **(para 0006 and 0069**; via ESOs give an

employee the right to purchase and implied borrowing-selling for hedging transactions
of any incremental amounts like Delta).

As per claim 32 [new], *Rudkin* discloses a **computer system** connected by
internet having computer-readable medium executable **software code** stored thereon,
the code (**para 0058;** via computer system and programs [inherently with codes] and
also **a networked computer**, but standalone computer may be used) for hedging
previously issued and transferable employee stock options, the code comprising:

code for purchasing all rights to a transferable employee stock option from an
employee holding the employee stock option, wherein purchase does not require
exercise of the employee stock option (**para, 0025**; via purchasing ESOs [implied with
or without exercise] and **para 0016**; via ESOs can be exercised); and

code for hedging the transferable employee stock option (**para, 0012**; via to
exercise for liquidity as employees unable to hedge the risk option).

Response to Arguments

14.   **Applicant's** arguments filed **12/22/08** have been fully considered but they are not
persuasive.

1) In response to **Applicant's** Remarks, page 13-14, para 2-3, that "Rudkin does
not disclose: A computer system ...exercise of the employee stock option. The Office
Action quoted the term ... Thus the transferability of ESOs as claimed in claim 11 is
expressly disavowed by Rudkin. For at least the above reasons, Rudkin fails to
anticipate claim 11, and in fact teaches away ... respectfully requested",   **The**

Examiner respectfully does not agree and refers ***Rudkin,*** - Abstract again, where exchange-traded options[ETOs], including transferability is clearly mentioned and para [**0010-0012**] describes only about ESOs, not ETOs.

2) In response to **Applicant's** Remarks, further, to page 15, para-3, that "Claim 1 includes elements similar to claim 11, ... Further, ... Rudkin fails to disclose, 'code hedging the transferable employee stock again' of claim 11", **The Examiner** respectfully further does not agree and refers Rudkin, **para 0058;** via computer system and programs [inherently with codes] implied with any hedging the ETOs.

3) Finally, as we understood, references are cited to teach and suggest the concept of invention, but not the complete invention applied for.

Conclusion

15.   **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

16.   Any inquiry concerning this communication or earlier communications from the examiner should be directed to HATEM ALI whose telephone number is (571)270-3021. The examiner can normally be reached on 8.00 to 6.00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on 571-272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Harish T Dass/   Hatem Ali
Primary Examiner, Art Unit 3692   Examiner
                                                        Art Unit 3692